MESSAGE

FROM THE

GOVERNOR,

RELATIVE TO THE

FINANCES OF THE COMMONWEALTH.

READ IN THE HOUSE OF REPRESENTATIVES, JANUARY 26, 1839.

HARRISBURG:

PRINTED BY BOAS AND COPLAN.

....

1839.

Digitized by the Internet Archive
in 2018 with funding from
This project is made possible by a grant from the Institute of Museum and Library Services as administered by the Pennsylvania Department of Education through the Office of Commonwealth Libraries

https://archive.org/details/messagefromgover00penn_3

MESSAGE.

To the Senate and House of Representatives of the Commonwealth of Pennsylvania.

Gentlemen :—The money in the Treasury of the Commonwealth being inadequate to discharge the demands upon it, now due, and that will become due, on the 1st February next, I conceive it to be my imperative duty, to call the immediate attention of the Legislature to this subject. It is almost superfluous to remark, that the credit, the faith, and the honor of the State, will all be deeply affected, unless by the prompt action of the Legislature, this deficiency should be supplied.

It would be an everlasting stigma upon the fair fame of Pennsylvania, if with her vast resources, and her abundant means, to perform all her engagements, she should permit her creditors, for a single hour, to knock at the door of an empty treasury.

Every consideration of duty, and of policy, requires at the hands of the Legislature and the Executive, the most unfaltering fidelity to the public engagements. Nothing is gained by postponing the time of action, for it must eventually arrive. The policy is as unwise as the spirit is unworthy of statesmen, to surrender to our successors the performance of duties that justly devolve on ourselves.

I will proceed to lay before you the financial condition of the commonwealth, so far as it appears to me to be connected with your deliberations on this subject; premising, that I have derived most of my fiscal information from those official documents which are already before you, and which are presumed to furnish accurate statements of the several matters, to which they respectively relate. I have so recently entered upon the discharge of the duties of the office, conferred upon me by the people, that I do not pretend to possess the familiar practical knowledge of the financial concerns of the Commonwealth, that can only be acquired by an active official participation in all their detailed operations. I have, however, devoted to the subject, that careful and scrupulous attention, due alike to its importance, and to the just expectation of the Legislature, that no executive communication will be submitted to it, in the accuracy of which, implicit confidence may not be reposed.

In order to present a full and satisfactory view of the finances of the Commonwealth, I will lay before you in the first place, the entire amount of the public debt, composed of permanent, temporary, and conditional loans, together with the estimated value of the public property, consisting of stocks, canals, rail roads, &c. viz:

Debts contracted for public improvements, by canals and rail roads,	$22.229,003 32
Loans not relating to canals and rail roads,	1,680,000 00
Loan for eastern penitentiary, by act of 21st March 1831,	120,000 00
Loan for Union canal company, by act of 1st March 1833,	200,000 00
Temporary loan by act of 16th June 1836,	200,000 00
Temporary loan by act of 14th April, 1838,	800,000 00
Debts due on appropriations to miscellaneous objects,	1,545,729 86
Debts due by appropriations to internal improvements,	532,057 01
Debt due the United states on account of conditional loan of surplus revenue,	2,867,514 78
Amount of public debt,	$30,174,304 97

PUBLIC PROPERTY.

The public works, canals, rail roads, &c.	$25.109.644 92
Bank stock,	2.108.700 00
Turnpike and bridge stock,	2.726.396 58
Canal and navigation stock,	528.000 00
Rail road stock,	179.564 59
Money due on unpatented lands,	1.000.000 00
Estimated value of public property,	$31.652.306 09

It is right to remark, in respect to this statement, that I have not entered upon the debit side an item of $330.000, a sum borrowed from the bank of the United States, and an item of $50.000 borrowed from the Harrisburg bank, by my predecessor, under circumstances explained in his message, on the assumption of which the Legislature has not yet acted. And in regard to the estimated value of the public works, canals, rail roads, &c. it is doubted very much whether their actual value is not far greater than here represented. The estimate refers more directly to their *cost*, than to their *present* value. It is possible that some additional liabilities of the state might arise, if the Legislature should think proper, for the public good, to divest any corporations, created by authority of this commonwealth, of the privileges granted by law, in consideration of which they have paid bonuses into the public treasury. This, however, must be regarded as a remote contingency. Of the foregoing public debt, the amount of $5,945,201 65 has been contracted within the last three years, exclusive of the items above referred to, and not charged.

It is manifest, from this view of the entire amount of the debts and resources of the commonwealth, that her means are ample for all emergencies, although a portion of the public property may not be immediately available.

The principal purpose of this message is, however, to call your attention to the present condition of the finances, as exhibited by the following statement of monies now due, or becoming due, on the 1st of February next and immediately thereafter, viz :

Stock loan per act of 30th March, 1824, payable 1st January, 1839,	$220.000 00
Interest on permanent and temporary loans,	602.250 00
For ordinary repairs on public improvements,	400.000 00
Balance due of appropriations per act of 14th April, 1838,	242.864 23
	$1.465.114 23
To which perhaps may be added the sum borrowed for repairs of canal on Juniata division,	380.000 00
	$1.845.114 23

The Legislature will also be required at its present session to make provision to pay the following loans and demands on the treasury, due at the times specified :—

Stock loan per act 30th March, 1824, due 1st May next,	$380.000 00
" " " 7th Dec. 1829 & 4th Jan. 1831	90.000 00
" " " 11th April, 1825, due 1st Jan. 1840	150.000 00
Temporary loan per act 16th June, 1836, due in June 1839,	200.000 00
" " " 14th April, 1838, due at various times from 18th June, to 31st October, 1839,	600.000 00
" " " 3d sec. act 14th April, 1838, due before the 1st January, 1840,	200.000 00
Interest on loans due on or before 1st Aug. 1839,	618.250 00
Salaries of toll collectors, &c. remainder of year,	50.000 00
Due for repairs,	77.680 97
Expenses of motive power,	233.563 82
All other expenditures (including education)	1.129.027 14
	5.573.036 16
Deduct amount of estimated receipts for remaining part of year,	1.644.918 92
Total deficit for 1839,	$3.928.117 24

It will be perceived that the permanent and temporary loans falling due at the times mentioned in this statement, constitute a part of the state debt already adverted to, and by providing for their payment, the aggregate amount is not increased. I have included the necessary appropriation for ordinary repairs, among the demands to be provided

for on the 1st February, because it is a fund that should be at all times in readiness, and a great portion of it will be needed as soon as the business on the improvements commences in the spring. Provision must also be made for the loan falling due on the first of January, 1840, by the Legislature, at its present session, as by the amended constitution the meeting of the next Legislature is postponed beyond the day of payment.

I will also state on this subject that, at the solicitation of a number of gentlemen deeply interested in the transporting business on our public improvements, I was induced a short time ago, to make a personal examination of the portion of the canal and slackwater navigation, recently repaired in Huntingdon county, and am satisfied that its safety, permanency and usefulness all depend on its receiving the speedy and thorough attention of the canal commissioners. Unless the new works be repaired, and in some places reconstructed before the spring freshets, there is imminent danger that a considerable portion of them will be again swept away.

The estimated receipts into the treasury, during the present year, with the exception of two items amounting to $225,000 are composed of the ordinary revenues of the State alone. It is rendered certain that the fourth instalment of the surplus revenue from the general government will not be received, nor will there be bank bonuses, or any other of those accidental and extraordinary means of replenishing the treasury to depend upon, which have poured into it about seven millions of dollars during the last three years. The State must rely henceforth, on her fixed and certain, but gradually increasing ordinary revenues, unless loans or taxation be deemed advisable to discharge all her liabilities, and to complete all her contemplated improvements. To do this successfully, rigid but enlightened economy should be consulted in all her expenditures, and those habits of lavish and ill-judged appropriations, engendered by the sudden and unexpected acquisition of public money, through means which can seldom, if ever again happen, must be promptly corrected. It is frequently observed in the case of private individuals, that the sudden acquisition of wealth is fatally injurious to the prudent habits and sound morals of the possessor. It is more emphatically true in the case of government,—corruption creeps in unperceived, through a thousand channels, and eats out the substance of the people before they are aware of its stealthy approach.

Habits of improvident profusion grow fashionable, which are difficult to eradicate, and those who recommend that they should be restrained in the slightest degree, are stigmatized as parsimonious and illiberal. At the hazard even of incurring this reproach, I would earnestly invoke your undivided attention to this branch of our public policy. The enormous and unprecedented deficit in the treasury, now to be supplied, is an instructive commentary on its practical results. If the same policy that has brought us into this condition is persisted in, it must effectually paralyze the energies of this great State. The public debt must be swelled to an inordinate

amount, or the prosecution of our valuable system of public improvements must be suspended. You have already a balance to raise of more than three millions of dollars before you can make any appropriations whatever to the completion or extension of any of the unfinished public improvements in which the State has already so much unproductive money invested.

The question is then submited entirely to your consideration, to determine what appropriations to new works shall be made at the present session. My predecessor recommends in his annual message the appropriation of *at least* the following sums to the following named works, viz:

To the	Erie Extension,	$500,000 00
do	North Branch canal,	500,000 00
do	Gettysburg rail road,	300,000 00
do	West Branch canal,	200,000 00
do	Wisconisco canal,	100,000 00
do	Allegheny feeder,	100,000 00

The canal commissioners in their report recommend the appropriation of the following sums to the works designated, viz:

To the	Erie Extension,	$1,200,000 00
do	North Branch,	1,200,000 00
do	Gettysburg rail road,	600,000 00
do	Sinnemahoning extension,	300 000 00
do	Alleghany feeder,	200,000 00
do	Wisconisco canal,	286,000 00
		$3,786,000 00

And they recommend, also, that the further sum of $1,256,467 77 should be appropriated, for the "current year as necessary for the permanant repair and prosperity of the improvements." I beg leave to refer you to the message and report for the explanatory information accompanying these several recommendations. I am not aware of having in my power any communication to make that would materially aid your deliberations on this head, except to suggest the propriety and necessity of providing by some judicious prospective legislation, not only for the payment of the appropriations that may be made at the present session, but for the mode of obtaining money hereafter, when needful, to continue and complete the works to which such appropriations are applied. The sums appropriated have usually been exhausted before the next meeting of the legislature, and those engaged in the construction of our public works have been compelled to make sacrifices to enable them to prosecute their labours, or to dismiss their workmen until funds be provided by law: Many months elapse before legislative action can be had on the subject, and before the negotiation of the necessary loan when authorized, the work is frequently abandoned by the contractor, or his workmen have sought employment elsewhere, and by the time the requisite funds are obtained operations are to be commenced anew; and

thus it may be fairly assumed that our public improvements have cost perhaps thirty per cent more than they would have done, if timely provision to continue their prosecution had been made. If the contractor knew beforehand what amount of money he might rely upon as forthcoming, when wanted, he could make his arrangements accordingly, to his own and the public advantage. The work would progress with greater facility, and of consequence enable contractors to do it cheaper and more expeditiously than heretofore. The public faith would at all times be regarded as sacred, and the contractors (a class of men who have certainly had some cause to complain) would be essentially benefited by the adoption of this policy, and also the numerous labourers and artizans, by whose invaluable services our great improvements have been constructed, would be in a good degree secured from the suffering and destitution too often inflicted upon them by the failures of the contractors on our public works.

In order to remedy this state of things in future, I beg leave to recommend to the legislature the enactment of a law authorizing the Governor, with the sanction of the Commissioners of the Internal improvement fund and canal commissioners or under such other checks as may be deemed advisable, to borrow such sums of money as may be found necessary to carry on the several lines of improvements until the meeting of the next legislature, whenever the appropriations to the same may happen to become exhausted. Requiring of course that the money so obtained be placed in the treasury of the commonwealth, disbursed and accounted for in the manner provided by law.

It would be expedient that the sum which might be so obtained, should be limited to a reasonable amount, and that the rate of interest and terms of the loan, should be strictly defined. It seems to me that the adoption of any other principles of action in relation to the prosecution of our system of internal improvements, cannot be prudent and salutary. The measures themselves must fluctuate often; the works progress tardily, and the expense of their construction be much increased. Nor can I omit suggesting further to you the obviously sound policy of looking in your legislative action to the speedy completion of the main lines of improvement between the eastern and western extremities of the commonwealth, the Erie extension to the lakes, and the North Branch canal, leading into the flourishing western counties of the state of New York. The instant these works are finished, the trade upon them must be augmented in a manifold degree. The state has already large sums invested in them, from which she will realize no returns of consequence till they are finished. Other works of undoubted utility, leading directly into these principal highways to market, will next deserve attention; but in what respect the Gettysburg rail road claims to rank in the first, or even in the second of these classes, is more than I can discover. It is well worth the serious consideration of the legislature, whether in the present embarrassed condition of the finances of the state, that work ought not to be abandoned, till some more au-

spicious season for resuming it arrives. On no part of our system of improvements has public opinion been more emphatically pronounced. If completed, its advantage to Pennsylvania is questionable, if indeed it be not absolutely useless—its commencement was injudicious—the cost of its construction is enormous, and should it be abandoned, the only disadvantage will be the loss of a very large sum of money now irretrievably consumed by it, which will be vastly increased if the state perseveres in the prosecution of the work. I respectfully submit this subject to the candor and good sense of the legislature, believing that its further prosecution at present is not warranted by either prudence or patriotism.

Being decidedly in favor, myself, of a judicious and comprehensive system of public improvements, reaching all practicable points, and accommodating all sections of the commonwealth alike, I should be happy to co-operate with the legislature in completing it at the earliest possible day, and would rejoice to become instrumental in carrying such system into speedy operation; but finding the treasury in a situation that seems to forbid all hope of engaging in that undertaking, until our fiscal concerns are restored to a sound and healthy state, I respectfully suggest to the legislature the impolicy of applying the funds of the commonwealth, at the present time, to any other works than the main lines, and their immediate tributaries. It cannot be long before the increasing ordinary revenue arising from the tolls of the canals and railroads of the commonwealth, will defray all the expenses necessary to keep them in repair, and pay the interest of the money expended in their construction. Then will the state for all practical purposes, be free from debt, and be fully able to undertake, without fear of embarrassment, the extension and completion of her noble improvement system, until it touches every county within her extensive limits, and returns to their citizens the entire sum of their contributions to the system in its commencement and progressive advance towards their own homes.

I cannot close this brief reference to our system of public improvements, without inviting the attention of the legislature to two subjects, which, though not immediately connected with the leading object of this communication, are yet, so essentially necessary to the full fruition of the benefits to be derived from our main lines of canals and railroads between the eastern and western sections of the commonwealth, as to awaken the earnest solicitude of every true Pennsylvanian. I allude to the removal of the obstructions to steamboat navigation in the Allegheny, Ohio and Mississippi rivers, from Pittsburg to the Gulf of Mexico, and from Pittsburg up the Allegheny as far as the same may be found practicable, by the survey authorised under direction of the general government, and to the construction of a continuous railroad from the city of Pittsburg, through, or near the capitals of Ohio, Indiana and Illinois, to some point on the Mississippi river, at or near St. Louis.

By the completion of those important undertakings, a great amount of business would be at once thrown upon our improvements. The

merchandize of various kinds from the eastern states, and the agricultural and mineral products of the rich and flourishing southern and western states, that would pass through Pennsylvania, must be far beyond any present computation. The rapidly increasing trade of the lakes, too, which is fast outstripping the hopes of the most sanguine, would descend the Allegheny river, and contribute largely to swell the business of our canals and rail roads.

The tolls on our main lines would be so much increased, as to amply sustain the less profitable portions of our system, without rendering it necessary to make the slightest addition to the state debt, or to any of the burthens imposed on the people. The trade of the growing and prosperous cities of Philadelphia and Pittsburg, would be immensely multiplied, and the southern and western states themselves, now feeling the want of such mediums of communication to an unparalleled extent, would receive an impulse of no ordinary influence upon their prosperity and greatness. A glance at the map of the Union, will convince every man, of the importance of these improvements to Pennsylvania, as well as to the vast regions of country of unsurpassed fertility and mineral wealth which would find the canals and rail roads of this State, their direct highways to market. In order to carry into effect the views herein expressed, I respectfully recommend the propriety of adopting the proper steps to enlist the general government in the project of clearing out the obstructions to the navigation of the Ohio and Mississippi rivers by steam boats from Pittsburg, which is a port of entry, to the gulf of Mexico, and also, from Pittsburg up the Allegheny to such point as may be fixed in the survey authorized by act of Congress, as the termination of steam boat navigation. The prosecution of such works as these, by the national government, falls directly and properly, within its legitimate power, according to the strictest interpretation of the constitution. And I would also recommend the adoption of measures, either by appointing a committee of the legislature, or by such other efficient mode, as may be thought expedient, to secure the joint and united action of the several states interested in the project of constructing a continuous railroad communication between Pittsburg and St Louis. This may be effected by the joint incorporation of a company, or of several companies, with authority for the purpose, or by the states through which the road would pass, undertaking it themselves, upon terms mutually assented to by all. It would afford me great pleasure to transmit to the legislatures of these states, such resolutions or information, as will tend to bring about this desirable result. It may not be amiss to add that the bold and sagacious policy of our southern and northern neighbors, to secure the trade of the South and West, is well calculated to admonish Pennsylvania to be on the alert. When the countless advantages, to which I have barely adverted, may be firmly and securely grasped without the slightest expense or inconvenience to the people, let them not be surrendered by legislative procrastination. The day for action has already arrived.

In reference to the mode of obtaining funds to supply the present wants of the Treasury, I am in possession of no further information, than is already before you, in the report of the State Treasurer, and in the message of my predecessor. No other alternative seems to be presented, than taxation or loans—of the two, the latter appears least objectionable, because productive of least hardship to the people—is less expensive, and can be carried into effect with greater facility. That the credit and resources of the State, are ample to extricate her, in the present crisis, from embarrassment, is a fact which no intelligent citizen can doubt. It is in no spirit of self sufficiency, or empty gratulation that every citizen of Pennsylvania justly looks upon this Commonwealth as second to none of the sister states, in the industry, frugality and integrity of her citizens—in the extent, quality and the accessibility of the boundless resources, which nature has scattered throughout her borders with a prodigal hand—in her coal fields—her iron ore—her agricultural productions, and in her stupendous system of internal improvements, connecting together her remotest extremities, unlocking her richest resources, and marked, in its conception, by the comprehensive reach of mind, which entitles its projectors and founders, to rank with the first Statesmen of the age. The credit of Pennsylvania, resting on this foundation, can be shaken by no convulsion, that does not overturn the government itself, and dissolve society into its original elements. Pecuniary embarrassments, it is true, may arise from ill judged measures, extravagant expenditures, or short sighted policy, but they must of necessity be of temporary duration. Time soon detects fallacies,—exposes errors, —regulates derangements and corrects misgovernment. One failure to comply with her engagements, on the part of the State, becomes the parent of future precautions, against like occurrences, and serves but to show, the faithful fidelity of the people to their obligations, because it is stamped with the seal of universal condemnation or regret.

It is with no ordinary feelings of state pride and satisfaction, that I express my firm confidence, in the abundant means now possessed by the Commonwealth, to pay her public debt by the sale of the public improvements, in the construction of which that debt was mainly contracted, if such measure was deemed necessary or wise; and also my conviction, equally firm and gratifying, in the increasing value of her means, to meet all future liabilities created by the entire completion of our system of improvements, if, in the achievement of this great undertaking, we follow the dictates of prudence and experience. Nothing but the improvident or corrupt mismanagement of her rulers, can mar the bright prospect that is opening on the destinies of Pennsylvania.

Having recently passed through a period of unexampled excitement and agitation, the people of this great commonwealth are anxious for repose. Social commotions produced by political, pecuniary or any other causes, are destructive to the best interests and substantial welfare of the community. They cripple business of

all kinds; retard public improvements; deprive the laboring portion of our fellow citizens of their means of support, and tend directly to unsettle the foundation of our republican institutions. Let us hope that this condition of things is at an end; that henceforth, a spirit of undeviating regard for the public weal, and of unswerving respect for the laws of the state, may be cherished, both by her rulers and by her people. Public opinion, the unfailing corrective of all abuses in a free government, calls loudly on every department of ours to direct their strongest efforts to the restoration of that state of tranquillity and confidence in the intelligence and patriotism of the people, that distinguished the administrations of our early republican predecessors. Let this be done, and repose, prosperity and patriotic concord will again and forever abide in our beloved commonwealth.

In connection with the statement, I have felt it my duty to give of the financial condition of the state, I have thought these considerations, respecting her credit and resources necessary and proper, to prevent misapprehension, and to show, that though monetary embarrassments do exist, yet the foundations of her prosperity and glory are neither shaken nor impaired.

DAVID R. PORTER.

26th January 1839.